

THE PROS AND CONS OF "Coming Soon"

A few of my clients over the past year have asked the DREAM Team what is coming soon real estate marketing and how does it work. On the surface, the 'coming soon' can appear like any other similar message referring to products for sale or businesses about to open. But when it comes to real estate listings, the 'coming soon' means several things that the average buyer or seller may not be aware of. Whatever the final word, as of now sellers need to be aware of how 'coming soon' may affect their sale so they can make an informed decision about how their home is marketed.

CONS:

1. FRUSTRATED BUYER

In a frenzied market, buyers have been known to offer whatever they need to in order to get the property under contract, knowing that they can always reconsider and back out, penalty free during the inspection period. If this happens, the market excitement over the property often will have declined. In this case, the seller may be looking at a price reduction and an extended time on the market.

2. YOU RISK DUAL AGENCY.

It is unfortunate that so many real estate clients are unaware of the concept of dual agency, or how harmful it can be. Dual agency benefits your Realtor, plain and simple. Do not expect it to help you. The reasons are easy to understand. When you allow dual agency, your real estate no longer represents you exclusively anymore. They become a neutral party in the transaction. By law, because they are a neutral party, the agent is no longer allowed to give you any advice.

You have just lost your fiduciary in what is probably your most significant asset. Sounds great, doesn't it? You are paying your real estate agent quite a bit of money. The only person they should be representing is you.

Not all 'coming soon' listings are necessarily going to lead to dual agency. But they create the ideal circumstances for dual agency to occur.

3. SKEWED REAL ESTATE APPRAISALS.

One of the worst aspects of 'coming soon' listings is the way they can skew real estate appraisals. A real estate appraisal is based on the sales of similar properties in your area. It is a vital part of the whole real estate process, allowing everyone to be on the same page about the actual value of each home that goes up for sale.

But 'coming soon' listings are often not included in appraisals. Some banks won't accept 'coming soon' listings as comparable. The banks will not accept them because they did not receive the same exposure as other homes.

PROS:

1. INCREASED PRIVACY

The seller can have more control over who sees the listing because it is not going on the universally-accessed listing service. The listing can only be shown to private groups that have been screened by the listing agent or Zillow users.

2. A BUYER HAS ALWAYS WANTED YOUR HOUSE

Some homes in a city or town just resonate with people. They will say to themselves "if that home ever comes on the market I want it!" It's possible that there could be a buyer searching for a home to purchase and you're coming soon sign stops them dead in their tracks. Seeing the "coming soon sign" may stop them from buying another home and missing out on yours.

3. ADDED BUZZ

The idea is to let the market become aware of the listing and build up a concentration of anxious buyers. When agent showings are permitted, ideally there is a frenzied competition for the home resulting in one or more offers, perhaps even a bidding war, within a day or two...think of Apple stores the day a new iPhone is released, do people still camp out?

4. POTENTIAL INCREASED OFFERS

Many of these buyers have been too late or outbid on homes over and over again. These buyers are desperate and they want to get first shot at new listings and are determined to "get the next one." They may be more inclined to jump on a Coming Soon and place any offer before it goes to market-sometimes even above asking to make their intentions clear.